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By *AK* Date 7/7/02



POL 33-1 IRAN-IRAQ / SHATT
AL ARAB

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TELEGRAM

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SUBJ: IRAN-IRAQ DISPUTE OVER SHATT

REFS: A-173, TEHRAN 1170, 1399 NOTAL,

BANGKOK FOR SOBER

SUMMARY: IRAN-IRAQ CRISIS OVER SHATT WAS FORCED BY GOI, PROBABLY TO STRENGTHEN IRANIAN LEADERSHIP IN GULF. RISKS OF CONFLICT WERE KEPT LOW. TENSION HAS ABATED. NEGOTIATIONS UNLIKELY SOON BUT IRAN HAS ESTABLISHED NEW RIVER REGIME FOR IRANIAN SHIPS WHOLLY OWNED AND CHARTERED. IRANIAN DETERMINATION TO PRESS FOR "RIGHTS" IN GULF PROBABLY STRONGER.

1. TENSION BETWEEN IRAN AND IRAQ OVER SHATT-AL-ARAB HAS EASED WITH HIGH-LEVEL IRANIAN OFFICIALS CLAIMING "OBJECTIVES" REACHED. ELEMENTS OF DISCORD REMAIN (TROOPS OF BOTH SIDES STILL DEPLOYED, IRAN POSSIBLY STILL STUDYING WAYS TO AFFECT RIVER REGIME FOR THIRD COUNTRY SHIPPING, IRAQ STILL MISTREATING AND EXPELLING IRANIANS AND APPARENTLY ENERGIZING KHUZISTAN LIBERATION FRONT) BUT BOTH

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SIDES SEEM FOR MOMENT AT LEAST NOT TO WISH TO HEAT SITUATION UP AGAIN. EMB OFFERS FOLLOWING COMMENTS ON THIS "CRISIS."

2. ALTHOUGH IRAQI GOVT IN THIS AS IN OTHER MATTERS HAS BEEN UNDIPLOMATIC, INSENSITIVE, AND BRUSQUE, CONFRONTATION WAS PRESSED BY IRAN. ISSUE WAS JOINED BY IRANIAN DENUNCIATION OF 1937 TREATY WHICH TOOK PLACE SOME TIME SHORTLY AFTER ABORTIVE KHALATBARY MISSION TO BAGHDAD (JAN27-FEB.12), (A-173). DIPLOMATIC WORD BATTLE ENSUED AND IRAQIS IRRITATED IRANIANS BY HARASSING IRANIAN FISHERMEN IN SHATT AND PARTICULARLY BY SEARCHING TWO IRANIAN RIVER CRAFT SOME TIME IN LATE MARCH (TEHRAN 1170). IRAQIS MADE MAJOR DIPLOMATIC GAFF APRIL 15 BY INDICATING INTENTION TO SEARCH IRANIAN VESSELS AND TO RESORT TO USE OF FORCE IF NEEDED TO REMOVE IMPROPERLY FLOWN IRANIAN FLAG AND IRANIAN NAVAL PERSONNEL FROM MERCHANT SHIPS (NEVER CLEAR JUST WHAT THIS ACTUALLY REFERRED TO IN IRAQI MIND). HOWEVER, IRAQI POSITION SEEMS TO HAVE BEEN RATHER TRANSPARENT BLUSTER. WE HAVE NO INDICATION IRAQIS MADE ANY TROOP DISPOSITIONS AT THIS TIME TO LEND FORCE TO WORDS AND IRAQI GOVT HASTENED TO TERM UNFORTUNATE STATEMENT A "MISTAKE" APRIL 17 (TEHRAN 1399 NOTAL). IRANIAN GOVT IGNORED RETRACTION AND ISSUED PUBLIC TREATY DENUNCIATION APRIL 19. MOREOVER, THROUGHOUT MARCH AND APRIL, IRANIAN TRANSFERS OF FORCES INTO KHUZISTAN AREA AND SHATT PORTS PRECEDED IRAQI MILITARY MOVES AND EXCEEDED THEM IN SCALE AND EXTENT.

3. GOI ALMOST CERTAINLY CONSIDERED RISK OF ACTUAL CONFLICT QUITE LOW AND HAD NO INTENTION OF PROVOKING IT. AWARE OF COMMITMENT MOST IRAQI FORCES TO ISRAELI CONFRONTATION AND TO FIGHTING KURDS (AND UNDOUBTEDLY COGNIZANT OF SOME COINCIDENTAL INTENSIFICATION OF KURDISH MILITARY ACTION), GOI FELT, AS SUBSEQUENT EVENTS SHOWED, IRAQIS IN NO POSITION TO ACCEPT MILITARY CHALLENGE. IRANIAN DISPOSITION OF PREPONDERANT FORCES IN LOCAL AREA WAS PROBABLY INTENDED TO PROVIDE ADDITIONAL INSURANCE OF IRAQI INACTION. IT IS ALSO CLEAR THAT, ALTHOUGH IRANIANS TOOK SOMEWHAT RISKY ACTION OF PUTTING ARMED TROOPS ON TWO IRANIAN MERCHANT VESSELS WHICH PROVIDED TEST CASES, ALL IRANIAN FORCES WERE UNDER STRICTEST INJUNCTIONS NEITHER TO PROVOKE IRAQIS NOR TO FIRE EXCEPT IN DEFENSE (QUITE POSSIBLE PARTIALLY IN RESPONSE TO AMBASSADOR'S CAVEAT TO GEN. FASELI).

4. WHAT IS NOT CLEAR IS WHAT IRANIANS AIMED TO ACHIEVE RE SHATT. IT IS OUR DISTINCT IMPRESSION THAT, ALTHOUGH SHATT CRISES IN PAST YEARS GAVE BASES FOR PLANNING AND EXPECTATIONS, IRANIANS HAD NOT

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THOUGHT MATTER THROUGH VERY THOROUGHLY. IN ACTUALITY, SOLE CHANGE THEY HAVE AFFECTED IS TO ESTABLISH NEW RIVER REGIME FOR IRANIAN SHIPS WHOLLY OWNED AND CHARTERED, TO AND FROM IRANIAN PORTS (IRANIAN FLAG ONLY AND IRANIAN PILOT). POSSIBLY THEY COUNT ON THIS NEW STATUS QUO TO VALIDATE TREATY DENUNCIATION AND HELP FORCE RENEGOTIATION AT FUTURE DATE (FONOFF OFFICIALS HAVE MADE CLEAR THEY DO NOT EXPECT CURRENT IRAQI GOVT TO BE ABLE TO NEGOTIATE). BUT TO GENERATE TELLING PRESSURE ON IRAQIS IN LOCAL CONTEXT OF SHATT IRAN WOULD HAVE TO BRING ABOUT CHANGE OF DE FACTO RIVER REGIME FOR THIRD COUNTRY SHIPPING. FOR TIME BEING THIS HAS FOUNDERED, AS IT DID IN PREVIOUS YEARS, ON LACK OF IRANIAN PILOTS AND SHIPPERS' VIEW OF THEIR INSURANCE PROVISIONS. STILL POSSIBLE IRAN MAY TRY TO DIVERT SOME OR ALL THIS SHIPPING TO NON-SHATT PORTS AND/OR OBTAIN FEW QUALIFIED IRANIAN PILOTS BUT SEEMS UNLIKELY EITHER OR BOTH COULD BE DONE IN SHORT RANGE OR WITHOUT CONSIDERABLE COST AND EFFORT.

5. NUMBER OF IRAQI ACTIONS AND POSITIONS RECENTLY DOUBTLESS NETTLED IRANIANS: BLATANTLY GIVING IRAQI DIPLOMATIC PASSPORT TO SHAH'S ENEMY NUMBER ONE, GENERAL BAKHTIAR; TAKRITI VISIT OF GULF STATES AND IRAQI PRESS COMMENT ON GULF; SEIZURE AND MISTREATMENT OF IRANIAN CITIZENS SINCE AL-BAKR TAKE-OVER; PUBLISHED ARTICLE ABOUT IRANIAN BACKING OF BARZANI. ALL OF THESE TOGETHER MAY HAVE CONSTITUTED SIGNIFICANT IRRITANT. BUT ON BALANCE, WE DO NOT FIND IRANIAN ACTION FULLY EXPLICABLE IN TERMS OF SHATT DISPUTE. SEEMS LIKELY GOI SEIZED OPPORTUNITY TO ENGAGE IN MUSCLE-FLEXING IN ORDER TO CONVEY TO IRAQIS PARTICULARLY AND POSSIBLY GULF ARAB STATES IN GENERAL THAT IRAN WILL BE DEALING FROM STRONG POSITION IN REGIONAL AFFAIRS.

6. REACTION OF IRANIAN PUBLIC DIFFICULT TO DEFINE. APRIL 19 STATEMENT WAS SPRUNG ON THEM COLD AND THERE HAS BEEN CONSIDERABLE PUZZLEMENT AS TO WHAT IT'S ALL ABOUT. THERE IS GENERAL IRANIAN DISDAIN FOR IRAQIS AND FOR PRESENT DAY IRAQ AS 'NON-COUNTRY' AND MOST IRANIANS CONSIDER 1937 TREATY UNFAIR AND DENIGRATING. HENCE, ASSERTIVE IRANIAN POSTURE FOUND CONSIDERABLE MEASURE INITIAL PUBLIC SUPPORT AND CERTAIN AMOUNT IRRESPONSIBLE STATEMENTS ABOUT MARCHING ON IRAQ. INFORMED CIRCLES, HOWEVER, SEEM INCLINED TO BE APPREHENSIVE OVER ANY DANGER OF ARMED CONFLICT FOR WHAT IS REGARDED AS QUITE LIMITED PURPOSE AND AS CONFRONTATION WORE ON THERE WAS SOME TALK OF UNDESIRABLE POSSIBLE COSTS ATTENDING MANEUVERS THEMSELVES AND CERTAINLY ANY ACTUAL MILITARY OPERATIONS. AT

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MOMENT IRANIAN ATTENTION FOCUSED MOSTLY ON IRAQI MISTREATMENT AND EXPULSION IRANIAN CITIZENS AND PRESSURE ON PILGRIMS AND HOLY PLACES. GOI FANNING ISSUE SOMEWHAT BUT IT SEEMS TO BE SUBSIDING.

7. AT THIS STAGE WE HAVE FOLLOWING THOUGHTS ON CONSEQUENCES OF CONFRONTATION: (A) GOI WILL HOLD TO CHANGE OF REGIME FOR IRANIAN SHIPS, WHOLLY OWNED AND CHARTERED. BUT REGARDLESS OF OUTCOME RE SHATT, IRANIANS WILL CONCLUDE "WE SHOWED THEM," AND THIS MAY LEAD TO MORE MUSCLE-FLEXING. (B) US RELATIONS NOT DAMAGED BY OUR CAUTION TO IRANIANS RE UNDESIRABLE EFFECTS OUTBREAK OF SHOOTING WOULD PRODUCE AND ADVISABILITY OF CONTEMPLATING OTHER CONSEQUENCES. SHAH NO DOUBT REASSURED REGARDING BASIC US POLICY BY APPROVAL OF 1969 MILITARY CREDIT SALE WHICH FOLLOWED CONFRONTATION. (C) QUITE POSSIBLE IRANIAN BEHAVIOR MAY ADD TO RISKS SOVIETS WOULD FORESEE IN BACKING RADICAL ARAB PROXY FORCES IN GULF AREA AND THUS INCREASE SOMEWHAT DETERRENCE OF SUCH INTRUSION.

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